

November 20, 2007

The next Mid-Term Management Plan ( Post Phoenix Plan )

Mitsubishi Paper Mills, Ltd. (headquarters: 4-2, Marunouchi 3-Chime, Chiyoda-ku, Tokyo) is pleased to present our Mid term management plan from the fiscal year of 2008 to 2010.

MPM is striving to achieve our goals of the Phoenix Plan which started in the fiscal year of 2005 and will be finalized in the fiscal year of 2007. We continue to face a difficult business environment which includes high soaring raw material and energy costs. Despite of these challenges, we will aim to achieve further growth through our solid fundamental business structures established by the Phoenix Plan.

1. Plan Period:

April 2008 – March 2011

2. Plan Goals:

Enhance further improvement of cost structure and financial structure implemented by the Phoenix Plan. Achieve the ultimate goal of becoming a self-sustaining entity through financial growth from the establishment of solid operating foundation for the next phase of the plan.

3. Group Goals

- (1) Establish a distinctive position as “MPM for High-grade & Information Media” and secure top-level profitability in the paper industry.
- (2) Establish an entity structure with well-balanced growth among three business divisions, Printing & Communication Paper Division, Digital Imaging Division and New Business Development Division.

4. Basic Policies

(1) Promote strategic alliance

- Collaboration with FUJIFILM Corporation for RC base paper production
- Collaboration of Mitsubishi Paper Sales Co. Ltd with HOKUETSU PAPER MILLS, Ltd. Collaboration with other companies for printing paper production

- Collaboration with Oji Paper Co. Ltd for business communication paper production
- Collaboration for development of new business

(2) Enhance domestic sales

- Enhance Mitsubishi Paper Sales Co. Ltd sales and service function for customers
- Enhance DIAMIC Co. Ltd service function as a technical service company
- Enhance inkjet papers as high value-added products
- Expand sales of FSC certified paper and environmentally friendly products

(3) Expand global market operations

- Expand market shares of Inkjet papers
- Enhance evolution of the Thermal paper market in South East Asia
- Increase profitability of the business in Germany

(4) Set up platform for growth in next stage

- Improve infrastructure at Hachinohe mill
- Increase global share of RC base paper and Inkjet paper
- Secure the base to enhance evolution in global market

(5) Reinforce cost restructure

- Implement further reduction of production cost at mills
- Minimize distribution costs with option for alliance with other entities
- Enhance group-wide BPR of MPM with IT infrastructure

(6) Promote CSR management

- Expand tree-planting program to global scale
- Increase FSC certified paper and FSC certified forest.
- Establish complete internal control system and legal compliance
- Continue to contribute for all stakeholders

(7) Enhance consolidated profit

- Increase the profitability of subsidiaries and attain the further growth
- Upgrade group management and consolidated management of SBU

## 5. Capital investment

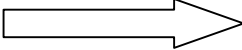
Implement aggressive capital investments for enforcement of competitiveness and growth in next stage.

Strategic investment total amount: 26.5 billion yen

### Main Strategic Investments

- Facilities for the production increase of RC base paper
  - Fulfillment of RC production for growth in next stage
  
- Facilities for the production increase of Inkjet paper
  - Fulfillment of Inkjet paper production for growth in next stage
  
- OEM of business communication papers at Hachinohe and Takasago mill
  - Collaboration with Oji Paper
  
- Recovery boiler at Hachinohe mill
  - Infrastructure of Hachinohe mill for growth in next stage

## 6. Management financial targets

	Current (Estimated)	Project		
		FY 2007	FY 2008	FY 2009
Sales (100 million yen)	2,580	2,760	2,850	3,000
Operating profit (100 million yen)	100	133	152	184
Ordinary profit (100 million yen)	70	100	120	150
Ordinary profit ratio (%)	2.7	3.6	4.2	5.0
Interest-bearing debt (100 million yen)	1,540			1,440
Equity to total assets (%)	24			Over 30

End